

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 OIC-02 AF-10 ARA-10 EA-10
EUR-12 NEA-10 IO-13 SSO-00 NSCE-00 USIE-00 INRE-00
AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08
FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00
PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00 SP-02
SOE-02 OMB-01 DOE-11 /148 W
-----027111 171541Z /43

R 171456Z MAR 78

FM USMISSION GENEVA

TO SECSTATE WASHDC 7353

INFO AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

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USEEC

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E.O. 11652: N/A

TAGS: ETRD, GATT

SUBJECT: GATT COUNCIL OF REPRESENTATIVES - WRAP-UP

REF: STATE 63009

GATT COUNCIL MET MARCH 14 TO DISCUSS FOLLOWING ITEMS.

1. CONSULTATION WITH HUNGARY -- WORKING PARTY REPORT
ADOPTED BY COUNCIL. JAPAN STATED THAT DISCRIMINATORY
IMPORT RESTRICTIONS SHOULD BE REPEALED AS SOON AS POSSI-
BLE. HUNGARIAN DEL SAID THAT SUCH OBSTACLES ARE BARRIERS
TO TRADE, CONTRARY TO CLAIMS BY EC, AND THAT INCREASES
IN SIZE OF QUOTAS DO NOT MEET THE ELIMINATION REQUIRE-
MENTS OF PROTOCOL.

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2. BANGKOK AGREEMENT -- WORKING PARTY REPORT ADOPTED
WITHOUT COMMENT.

3. BALANCE OF PAYMENTS CONSULTATIONS -- SEE SEPTEL.

4. PANEL ON ANIMAL FEED PROTEINS -- EC (LUYTEN)

NOTED THAT PANEL HAD FOUND EC MEASURES TO BE INCONSISTENT WITH GATT ARTICLE III IN ONLY ONE INSTANCE. LUYTEN SAID THAT MEASURES HAD ONLY BEEN IN FORCE FOR SIX MONTHS IN 1976 AND EC WAS READY TO ADOPT REPORT. PANEL REPORT ADOPTED AND COUNCIL NOTED THAT MEASURES HAD BEEN TERMINATED.

5. U.S. SECTION 22 WAIVER -- NEW ZEALAND (FARNON) EXPRESSED CONCERN THAT THE ITEM IS STILL ON THE COUNCIL AGENDA AFTER 23 YEARS IN OPERATION. FARNON SAID THAT NEW ZEALAND'S MAJOR INTEREST CONCERNS DAIRY PRODUCTS, AND HE NOTED THAT CCC HAD TO STEP UP DAIRY PRODUCT PURCHASES AND THAT TEMPORARY RESTRAINTS HAD BEEN MADE PERMANENT ON CERTAIN DRIED MILK MIXTURES. HE CONCLUDED THAT THIS WAS APPARENTLY NECESSARY BECAUSE OF THE INCREASE IN SUPPORT PRICES AND QUESTIONED THE USE OF A WAIVER TO SUPPORT HIGH PRICE LEVELS. SINCE U.S. SAYS ITEM IS ON TABLE IN MTN, HE WONDERED WHY WAIVER WAS STILL NECESSARY. HE RECOGNIZED, HOWEVER, THAT SYSTEM CANNOT BE REMOVED OVERNIGHT AND URGED U.S. TO GIVE CONCRETE PROOF IN MTN OF ITS ATTACHMENT TO LIBERALIZED TRADE IN AGRICULTURAL PRODUCTS. AUSTRALIA (HALL) RECALLED THAT IT HAS ASKED THE U.S. TO UNDERTAKE THE FORMAL REVIEW REQUIRED BY THE WAIVER. HALL EXPRESSED CONCERN AT THE MAINTENANCE AND INCREASED RESTRICTIVENESS OF RESTRAINTS UNDER THE WAIVER. HE SAID THAT WHILE THIS SUBJECT MIGHT BE DISCUSSED IN THE MTN THIS LIMITED OFFICIAL USE

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DOES NOT ABSOLVE THE U.S. OF ITS EXISTING OBLIGATION TO FULFILL ITS REQUIREMENTS UNDER THE GENERAL AGREEMENT, AND OTHER CPS SHOULD NOT HAVE TO PAY IN THE MTN FOR THE REMOVAL OF U.S. RESTRAINTS. ARGENTINA SAID THAT WAIVER HAS TAKEN ON A DEGREE OF PERMANENCE AND CLAIMED THAT U.S. SUBMISSION IMPLIED THAT WE CONSIDER WAIVER PERMANENT. HE ASKED FOR U.S. INTERPRETATION ON THIS ITEM. U.S. DEL POINTED OUT THAT WAIVER HAS BEEN UNDER CONSTANT REVIEW, THAT NUMBER OF PRODUCTS UNDER RESTRAINT HAVE DECREASED FROM 11 TO 3, AND THAT DAIRY PRODUCTS ARE BEING DISCUSSED IN THE MTN. NIGERIA SAID THAT HE SAW CONNECTION BETWEEN U.S. SECTION 22 ACTION AND NON-FAT DRIED MILK PANEL IN THAT SUPPORT MEASURES WERE DEVELOPED WHICH CAUSED OVER PRODUCTION. EC POINTED OUT THAT ITS DAIRY SURPLUSES ARE USED IN AID PROGRAMS FOR DEVELOPING COUNTRIES.

6. ANGLO-IRISH FREE TRADE AREA -- NOTED WITHOUT COMMENT.

7. BRAZIL REQUEST FOR EXTENSION OF WAIVER -- U.S. DEL EXPRESSED REGRET AT SLOWNESS OF NEGOTIATIONS, NOTING

THAT BRAZIL HAD NOT RESPONDED TO U.S. REQUEST MADE MORE
THAN A YEAR AGO. EC SAID THAT IT HOPED NEGOTIATIONS
COULD PROGRESS RAPIDLY AND COULD BE CONCLUDED IN PARALLEL
WITH MTN. JAPAN AND CANADA ALSO EXPRESSED THEIR INTEREST
IN ARTICLE XXVIII NEGOTIATIONS AND LOOKED FOR A QUICK
CONCLUSION.

8. TRIPARTITE AGREEMENT -- AS THERE WAS NO SUPPORT
FOR A WORKING PARTY, WE MADE STATEMENT PER INSTRUCTIONS
REFTEL. DECISION ADOPTED AND TRIPARTITE VALIDITY
EXTENDED FOR FIVE YEARS.

9. ISRAEL REQUEST ON SPECIFIC DUTIES -- SEE SEPTTEL.

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10. 1977 BUDGET -- NOTED WITHOUT COMMENT.

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11. EXPORT COST INFLATION INSURANCE SCHEMES -- CANADA RECALLED ITS PROPOSAL FOR AN INDEPENDENT PANEL TO EXAMINE THE COMPATIBILITY OF EXPORT COST INFLATION INSURANCE SCHEMES WITH THE GENERAL AGREEMENT AND RECOMMENDED THE TERMS OF REFERENCE IN GENEVA 3121. WE AND JAPAN SUPPORTED THE SUGGESTED TERMS OF REFERENCE AND CALLED FOR ESTABLISHMENT OF A PANEL. FRENCH DEL (MOUTON) SAID THAT HE HAD RECEIVED THE DRAFT TERMS OF REFERENCE ONLY A FEW DAYS AGO AND THAT PARIS HAD NOT HAD TIME TO CONSIDER THEM. MOUTON SAID THAT FRANCE DOES NOT INTEND TO OPPOSE NORMAL WORKING OF DISPUTE SETTLEMENT PROCEDURES, EVEN TO THE SETTING UP OF A PANEL, BUT BELIEVED THAT CONSULTATIONS ARE NECESSARY AND COULD TAKE PLACE UNDER ARTICLE XXIII:1. UK SAID LIMITED OFFICIAL USE

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IT WAS WILLING TO DISCUSS TERMS OF REFERENCE, WHILE FINLAND SAID THAT TERMS OF REFERENCE WERE TOO GENERAL BECAUSE THEY LACK SPECIFIC REFERENCE TO GATT PROVISIONS AND DO NOT TAKE INTO ACCOUNT THE QUESTION OF SELF-FINANCING INSURANCE SCHEMES. CANADIAN DEL THEN SAID THAT THERE APPEARED TO EXIST A GENERAL CONSENSUS FOR A PANEL AND ASKED THAT COUNCIL AGREE TO ESTABLISHMENT OF PANEL WITH TERMS OF REFERENCE TO BE WORKED OUT AMONG INTERESTED DELS. SWISS DEL INTERVENED TO SAY THAT SWITZERLAND COULD NOT ACCEPT A PANEL IN PRINCIPLE WITHOUT KNOWING TERMS OF REFERENCE. COUNCIL CHAIRMAN CARRIED ITEM OVER TO NEXT COUNCIL WHILE RECOMMENDING THAT INTERESTED PARTIES CONSULT.

12. DISC AND RELATED TAX PRACTICES -- SEE SEPTTEL.

13. OTHER BUSINESS:

A. WE INFORMED COUNCIL OF DEVELOPMENTS IN ZENITH CASE AS PER INSTRUCTIONS REFTTEL.

B. UK/EC SAFEGUARD ACTION ON KOREAN TV SETS -- SEE SEPTTEL.

C. MIP PANEL -- GATT SECRETARIAT INFORMED COUNCIL OF NEW MEMBERSHIP OF PANEL. VANDEN HEUVEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, TARIFFS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA04150
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780119-0568
Format: TEL
From: GENEVA USEEC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780356/aaaabuzu.tel
Line Count: 218
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6a9a17c5-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 STATE 63009
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3294915
Secure: OPEN
Status: NATIVE
Subject: GATT COUNCIL OF REPRESENTATIVES - WRAP-UP
TAGS: ETRD, GATT
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/6a9a17c5-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014